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SUBJECT: WORKERS PARTY ELECTIONS FIRST ROUND RESULTS

RELEASED; DEFECTIONS BEGIN

REF: (A) SAO PAULO 1076; (B) SAO PAULO 1071; (C) BRASILIA

2539 AND PREVIOUS

1. (U) Summary: On September 27, the Workers Party (Partido dos Trabalhadores - PT) released the final results of its September 18 internal election. In the race for national party president, Ricardo Berzoini, candidate of President Lula's moderate majority faction (Campo Majoritario - CM) garnered 42 percent of votes cast for national president, requiring a second round to be held October 9. Two leftists, Valter Pomar and Raul Pont, battled for a place on the second-round ballot, with Pont edging out Pomar by a mere 279 votes. In the balloting for "chapas" or leadership slates, which will determine the composition of the National Directorate and other party committees, the CM slate received 41.9 percent. Though it will no longer control a majority of the 81-member Directorate, the CM is expected to ally with a smaller moderate faction and thus continue to control most party decision-making. A number of leftists, including five federal deputies, have concluded that their bid to expand their influence within the party has failed and have announced their intention to leave the PT. Most intend to join the leftist Party of Socialism and Liberty (PSOL), a new party founded by earlier PT defectors. End Summary.

2. (U) According to the official results published by the PT, 314,926 PT members went to the polls to elect national, state, and local presidents and leadership slates. A fierce race for second place, and a place on the second-round ballot, was fought between two leftists, Valter Pomar of the Axis of the Left faction and former Porto Alegre Mayor Raul Pont of the Social Democracy current. Pont squeaked in by a margin of 279 votes over Pomar, finishing with 14.7 percent of the total vote to Pomar's 14.6. Ultra-radical Plinio de Arruda Sampaio finished fourth with 13.4 percent, and moderate Maria do Rosario was fifth with 13.3 percent. Both Pomar and Rosario have announced their support for Pont in the second round, leading to the possibility that that he may defeat Berzoini. Pont has called for the PT to force a change in the Lula government's policy, especially in the economic sphere.

3. (U) Even before the results were announced, leftists and radicals had begun to express displeasure with the outcome. On September 25, some 400 dissidents affiliated with labor unions and leftist factions held a meeting in Sao Paulo to announce their defection from the party. On Monday, fourth-place finisher Plinio de Arruda Sampaio held a press conference to announce his own defection. Sampaio, a 75-year-old former federal deputy who helped found the PT in 1980 and was later Lula's running mate in two unsuccessful presidential bids, claimed that the PT's governing centrist majority had abdicated the party's role as an instrument of social change. Since the election had left this faction in control of the National Directorate, he chose to continue his own social struggle under the banner of the PSOL. In a press release, he said that, had he chosen to stay in the PT, he would have supported Raul Pont, and that several leftist groups remaining in the party would vote for Pont in the second round.

4. (U) Sampaio was joined in his defection by Federal Deputy Ivan Valente of Sao Paulo. Four other federal deputies -- Joao Alfredo (Ceara), Orlando Fantazzini (Sao Paulo), Chico Alencar (Rio de Janeiro) and Maria Jose Maninha (Federal District) - have announced in recent days their intention to depart the PT and join the PSOL. The defections reduce the PT's strength in the lower chamber to 84 members and deprive them of their plurality. The centrist (and highly fragmented) PMDB now has 87 seats. It may gain several more before September 30, the deadline to change party affiliation for anyone who wants to run for office in next year's national and state elections. The PSOL, founded in 2004 by deputies and senators who were expelled from the PT for their refusal to vote the party line, now has two senators and seven federal deputies.

5. (U) Another highly publicized defection was that of 83-year-old Helio Bicudo, a renowned human rights activist who served most recently as Deputy Mayor of Sao Paulo under Marta Suplicy (2001-04). Bicudo claimed that the party had strayed down a wrong path beyond the possibility of correction. The criticism of Bicudo and other defectors revolves around the CM's continued support for Lula's neo-

liberal macroeconomic policies, and what they describe as a loss of ideals and ethics that led the party into the current political scandal (ref C).

16. (U) One major source of frustration of leftists and independent moderates was the presence on the CM's "chapa" or leadership slate of Lula's former Chief of Staff, Jose Dirceu, and other party members and government figures implicated in the scandal. The CM's slate received 41.9 percent of the vote and will thus control 34 of the 81 seats on the party's National Directorate. Slates supported by Pont and Pomar each had about 12 percent of the vote and will each control 10 seats. By reaching out to Maria do Rosario's independent moderate faction (nine seats) and other small centrist groups, the CM should be able to pull together a majority for important party policy decisions. In addition, CM candidates won 15 state presidencies outright, with independents and leftists winning in four states and eight other races going to a second round.

17. (U) Comment: A great deal of politicking and horse-trading will take place between now and October 9, and Berzoini may be able to fend off the challenge from the left and win the election. The CM's continuing dominant position on the National Directorate leaves the party mechanism in the moderates' hands. However, the defections offer a clear sign of the degree of disaffection within the party. The PT enters into the 2006 campaign both divided against itself and badly damaged in the eyes of the electorate. End Comment.

18. (U) This message was cleared/coordinated with Embassy Brasilia.

McMullen